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TAGS: [AORC](#) [EAID](#) [KN](#) [KNNP](#) [MNUC](#) [PARM](#)

SUBJECT: DEMARCHE DELIVERED: PREVENTING DPRK ABUSE OF THE  
UN FINANCIAL SYSTEM VIA SPECIALIZED AGENCIES, FUNDS AND  
PROGRAMS

REF: A.STATE 108151 B.USUN 01527

¶1. As a follow up to the demarche Mission delivered on August 8th to acting UN Controller Jay Karia concerning currency transactions between United Nations agencies and the government of North Korea (DPRK) (ref B), Mission asked the following UN entities whether they have ongoing activities in DPRK and followed up with each entity that indicated there were such activities: UN Population Fund (UNFPA), World Food Program (WFP), UN Children's Fund (UNICEF), UN Development Program (UNDP) and UN-Habitat. Of these, WFP, UNICEF and UNDP responded that they have ongoing activities in DPRK. Per ref A, Mission conveyed U.S. concerns regarding hard currency transactions in the DPRK utilizing talking points contained in ref A. UNFPA and UN-Habitat indicated that there are no ongoing activities in DPRK.

¶2. UNICEF: Mission conveyed U.S. concerns to Terry Brown, Comptroller. Mr. Brown stated that UNICEF operations in DPRK total roughly 7-8 million dollars per annum and employ ten International Professional staff members (IP's) and 7 local staff. Most of the 7-8 million is used for off-shore procurement purposes, for example prescription drug purchases. Mr. Brown noted that UNICEF transactions conducted in hard currency are always outgoing and hard currency conversions are conducted bank to bank; UNICEF does not receive hard currency from the DPRK. However, Mr. Brown noted that approximately three hundred thousand dollars in hard currency is used to pay local staff and IP salaries and to purchase minor procurements such as printing services. So far this year, 1.03 million euros in hard currency has been taken from a Chase account in London and changed into local currency (DPRK) for local staff and housing. Mr. Brown will look further into the matter and get back to USUN shortly with additional information and indications how it would propose to proceed as may be appropriate.

¶3. UNDP: Mission conveyed U.S. concerns to Darshak Shah, Director and Comptroller of UNDP who was accompanied by Julie Anne Mejia, Treasurer. Mr. Shah stated that UNDP is operating a "medium-sized" office and program in DPRK staffed by 4 IP's, with a budget of 12-13 million dollars per annum. Mission requested further information on UNDP's office and programs. The initial report from Mr. Shah indicated that while hard currency transactions do occur, such transactions are solely in euros. Noting that country offices (COs) are aware of the issue of counterfeiting U.S. dollars, Mr. Shah stated his intention to send out letters to CO's alerting them of this risk and reiterating that U.S. dollars should not be used in hard currency transactions. Mr. Shah indicated that he would get back to USUN shortly with additional information and indications of how he proposes to proceed, as appropriate.

¶4. WFP: Mission conveyed concerns to Deborah Saidy, Director

of the New York Liason Office of WFP who was accompanied by Ussama Osman, Liason Officer for the Asia Office. Mrs. Saïdy will instruct her office to look into the matter and get back to USUN shortly with initial findings and indications how it would propose to proceed, as appropriate.

¶5. Comment: Department may want to request missions in other locations to demarche UN agencies not covered by USUN in New York.  
BOLTON